

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12480 (JTD)

(Jointly Administered)

Re: Docket Nos. 474 & 730

**LIMITED RESPONSE OF B. RILEY TO THE OBJECTION
OF THE UNITED STATES TRUSTEE TO DEBTORS' APPLICATION
FOR AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT
OF WILLKIE FARR & GALLAGHER LLP AS CO-COUNSEL FOR
THE DEBTORS *NUNC PRO TUNC* TO THE PETITION DATE**

B. Riley Principal Investments, LLC and its affiliates (“**B. Riley**”), by and through its undersigned counsel, hereby submits this limited response (this “**Limited Response**”) to the *Objection of the United States Trustee to Debtors' Application for an Order Authorizing the Retention and Employment of Willkie Farr & Gallagher LLP as Co-counsel for the Debtors Nunc*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home and Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing, LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260); Franchise Group Newco BHF, LLC (4123); Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 109 Innovation Court, Suite J, Delaware, Ohio 43015.

Pro Tunc *to the Petition Date* [Docket No. 730] (the “**Objection**”) and respectfully states as follows:

Background

1. On December 19, 2024, the Debtors filed the *Debtors’ Application for Order Authorizing the Retention and Employment of Willkie Farr & Gallagher LLP as Co-Counsel for the Debtors*, Nunc Pro Tunc *to the Petition Date* [Docket No. 474] (the “**Willkie Retention Application**”).

2. On January 13, 2025, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) filed the Objection to the Willkie Retention Application. In its Objection, the U.S. Trustee could be interpreted as asserting that Willkie Farr & Gallagher LLP (“**Willkie**”) previously represented B. Riley in the actions styled as *Pels v. Avril*, Case No. 23 CV H 07 0508 (Ohio C.P. 2023) (the “**Pels Action**”) and *Calenture, LLC v. B. Riley Financial, Inc.*, Case No. 21-cv-6087-MKV (S.D.N.Y. 2021) (the “**Calenture Action**”).

Limited Response

3. This Limited Response is submitted to clarify the scope of Willkie’s relationship with B. Riley in connection with the Pels Action and the Calenture Action. For the avoidance of doubt, B. Riley does not take a position regarding the relief sought in the Willkie Retention Application.

4. First, Willkie did not represent B. Riley in connection with the Pels Action. Indeed, B. Riley was represented by the firms Sullivan & Cromwell LLP and Isaac Wiles & Burkholder LLC in the Pels Action. The Pels Action was voluntarily dismissed by the plaintiff on August 15, 2023.

5. Second, Willkie briefly represented B. Riley at the outset of the Calenture Action. Willkie's involvement with the Calenture Action was very limited, and Willkie was replaced by the firm Robbins Alloy Belinfante Littlefield LLC before any responsive pleadings were filed. The Calenture Action was voluntarily dismissed by the plaintiffs on November 19, 2021.

Respectfully submitted,

Dated: January 16, 2025
Wilmington, Delaware

/s/ John H. Knight

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